

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 00-0082P

Gross Income Tax

Fiscal Year Ended 10/30/95

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ISSUE(S)

I. **Tax Administration**— Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer, incorporated under the laws of Arkansas, was audited for fiscal year ended 10/30/95. It has one Indiana location. Upon audit it was discovered that the taxpayer failed to report gross income from the location that operated a "Returned Merchandise" center. The center received, inspected, diagnosed, and repaired electronic products. Although it filed returns, the taxpayer claimed that all gross receipts were tax exempt as out-of-state service receipts and remitted no tax.

Upon audit it was discovered that the taxpayer failed to include service receipts in gross income subject to tax.

In a letter dated January 25, 2000, taxpayer protested the penalty assessed and states that its accounting firm incorrectly calculated the income tax owed due to a misunderstanding.

I. **Tax Administration**— Penalty

DISCUSSION

Taxpayer was assessed a negligence penalty because it failed to correctly report taxable gross income.

Taxpayer requests the penalty be abated due to a misunderstanding of Indiana Tax laws. Taxpayer has an accounting firm that should be knowledgeable in taxation for the states in which it files returns.

Taxpayer was assessed a penalty because it failed to tax its gross receipts and has not provided reasonable cause for failing to do so.

FINDING

Taxpayer's protest is denied.